BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268–0001

ANNUAL COMPLIANCE REVIEW, 2013   Docket No. ACR2013

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 2-4 AND 7 OF CHAIRMAN'S INFORMATION REQUEST NO. 15

The United States Postal Service hereby provides its responses to the above-

listed questions of Chairman's Information Request No. 15, issued on March 13, 2014.

Each question is stated verbatim and followed by the response. Responses to other

questions were provided on March 21, 2014.

                                        Respectfully submitted,

                                        UNITED STATES POSTAL SERVICE

                                        By its attorneys:

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2. Progress for the FY 2013 strategic initiatives "is tracked through a detailed reporting system and is reviewed every two weeks by the Executive Leadership Team for the Postal Service." 2013 Annual Report at 66. Please provide the most recent results of the progress made regarding the FY 2013 strategic initiatives.

RESPONSE:

The FY2013 Comprehensive Statement on Postal Operations (CSPO) provides a thorough summary of the results achieved in 2013 regarding the FY2013 strategic initiatives.

For example, with respect to the strategic initiative to optimize network operations, progress made in FY2013 includes the consolidation of 143 mail processing operations from certain facilities into other facilities (s*ee* CSPO at 48). With respect to the strategic initiative to optimize delivery operations, progress made in FY2013 includes the relocation of delivery operations from 510 offices to more centralized facilities, the conversation of 43,333 business deliveries and 36,302 residential deliveries to centralized deliveries (s*ee* CSPO at 54). With respect to the strategic initiative of transforming access, examples of progress in FY2013 are the establishment of 338 new Village Post Offices and 132 new self-service kiosks (*see* CSPO at 48), as well as an increase by 57 percent in Approved Shipper program annual revenue (*see* CSPO at 49). With respect to the strategic initiative of optimizing facility footprints, progress included the $201 million in proceeds earned from facility rentals and sales (*see* CSPO at 53). And, with respect to the strategic initiative of building a world-class package platform, the Postal Service launched Package Simplification and tested the Metro Post product in FY2013 (*see* CSPO at 60).

With respect to the strategic initiative of improving customer service, examples of progress achieved in FY2013 include launching three Customer Care Centers (*see* CSPO at 57), improving the CEM program and metrics for launch of redesign in FY2014 (*see* CSPO at 40 and Response to ChIR 12, Q.6), upgrading usps.com with the USPS Mail Service Alerts web page (*see* CSPO at 57), and improving tracking and the overall customer experience on usps.com (*see* CSPO at 57-58).

With respect to the strategic initiative of achieving IT system reliability, progress includes the Postal Service's preparation for deployment of Seamless Acceptance (*see* CSPO at 52) and the replacement of the Legacy Product Tracking System with PTS-II (*see* CSPO at 52). With respect to the strategic initiatives of "build, funnel & launch innovation" and "market new & existing products & services," examples of progress include offering direct mail promotions (*see* CPSO at 58), enhancing package pickup (*see* CSPO at 61), enhancing the EDDM Online Tool (*see* CSPO at 60), and improving tracking and the customer experience on usps.com (*see* CSPO at 57-58). With respect to the strategic initiative of establishing the digital platform, an example of progress in FY2013 is the Postal Service's participation in the Federal Cloud Credential Exchange (*see* CSPO at 68).

Additional examples regarding progress and results for the strategic initiatives are located throughout the CSPO. Moreover, the Postal Service notes that progress made with respect to one strategic initiative could also constitute progress for another initiative.

3. Please describe and discuss the operational processes, technology, resources required and performance for the following "FY13 initiatives" listed in the FY 2013 strategic initiatives table on page 67 of the 2013 Annual Report:

      (a) Build funnel & launch innovation;

      (b) Improve employee availability; and,

      (c) Obtain PCI compliance.

RESPONSE:

      (a-c)   Information regarding the strategic initiatives can be found throughout the FY2013 Comprehensive Statement on Postal Operations (CSPO). For example, at pages 58-60, the CSPO discussion on product development and modification is relevant to the strategic initiative of "build funnel & launch innovation."

      To the extent that the Postal Service is required to provide the requested information regarding the strategic initiatives, please see the responses to ChIR 10, Q.6 and ChIR 15, Q.5 that provide the Cross-Portfolio Key Performance Metrics for FY2013 and the targets for FY2014, which the Commission determined were sufficient in the FY2012 ACD at pg. 46..

4. The current customer experience measure only uses residential and small/medium business survey data for the Customer Experience performance goal. *See* 2013 Annual Report at 39. Page 67 of the 2013 Annual Report lists the initiative "Streamline commercial mail acceptance & enterprise payment"?

(a) How does this initiative relate to customer experience?

(b) Is the definition of "commercial" mailer the same as "small/medium business?"

(c) How does the Postal Service measure or monitor streamlining commercial mail acceptance and enterprise payment?

RESPONSE:

(a)   As described on pages 50 and 52 of the FY2013 Comprehensive Statement on Postal Operations, under the "Mail Preparation, Addressing, and Commercial Acceptance," this initiative is intended to improve the customer experience for commercial mailers. Specifically, leveraging electronic documentation and mailpiece uniqueness, obtained through the preparation of full-service mailings, allows the Postal Service to streamline manual acceptance and verification procedures. Commercial Mail Acceptance today contains many manual processes that validate correct revenue is collected. However, those same processes can delay mailings from entering our processing facilities. Programs such as eInduction and Seamless Acceptance automate acceptance steps by utilizing Container and Mailpiece barcode scans. Those scans are matched to the electronic documentation for payment validation thus reducing the amount of time it takes for a mailing to enter into the mailstream and increases a mailer's production cycle time with the removal of manual processes.

(b)   No. The definition of "commercial" mailer, in this instance, is a mailer that presents bulk and permit mail for acceptance at a Business Mail Entry Unit (BMEU).

These mailers may include Small/Medium Businesses as that term is defined for CEM purposes, but the definitions are not necessarily the same.

(c)   The FY2013 Comprehensive Statement on Postal Operations at pages 50 and 52 also discusses the measurement and monitoring of this strategic initiative. For example, as explained at pg. 50, "[t]he eInduction program was successfully piloted with several large-volume drop-ship mailers and deployed on 10/1/2013;" and at pg. 52, "Seamless Acceptance is on track to be deployed in 2014" and "[s]canning results and sampling will be compared to mailer electronic documentation, allowing us to monitor mailer quality using information about errors and quality trends over time."

7. Please refer to the "FY2013 strategic initiatives" chart on page 67 of the 2013 Annual Report. Explain the relationship between the FY 2013 strategic initiatives in the 2013 Annual Report and the "Strategic Change Initiatives" listed on page 38 of the FY 2012 Comprehensive Statement on Postal Operations.[1]

[1] *See* Library Reference USPS-FY12-17.

RESPONSE:

As explained previously in the FY2012 Comprehensive Statement on Postal Operations and in the FY2013 Comprehensive Statement on Postal Operations at page 66, the portfolio of strategic initiatives "is dynamic and changes as priorities and resources require, and as programs are completed or adjusted based on external events." The strategic change initiatives change to better reflect the Postal Service's current strategic goals. Additionally, many of these initiatives contribute to achieving multiple goals.

While the FY2013 strategic initiatives are different from the FY2012 strategic change initiatives for the reasons explained above, the below chart shows how they relate:

FY2012 Strategic Change Initiatives	FY2013 Strategic Initiatives
Mail processing and transportation	Optimize Network Operations
Delivery	Optimize Delivery Operations
Retail access	Transform Access
Facilities management and disposal; Sustainability	Optimize Facility Footprint
NEW	Build a World-Class Package Platform
Customer experience	Improve Customer Experience
Commercial mail acceptance transformation	Streamline Commercial Mail Acceptance and Enterprise Payment
Financial and information systems	Achieve 6 Sigma IT System Reliability

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FY2012 Strategic Change Initiatives	FY2013 Strategic Initiatives
Product visibility	Achieve 100% Product Visibility
Shipping growth; Marketing mail growth; Digital and hybrid mail growth	Build Funnel & Launch Innovation; Grow Small Business Revenue
Transaction mail preservation Marketing mail growth	Market New and Existing Products and Services
Increasing sales force effectiveness	Acquire, Grow & Retain Customers
Pricing optimization	Integrate Costing and Pricing for Profitable Growth
Digital and hybrid mail growth	Establish the Digital Platform
Financial and information systems	Obtain Payment Card Industry (PCI) Compliance Achieve 100% Customer and Revenue Visibility
NEW	Enhance Enterprise Risk Management Capabilities
Employee engagement; Workforce optimization	Analyze Workforce Needs and Manage the Change
Total labor cost	Develop Labor Agreements to Build Future Workforce
Workforce optimization	Improve Employee Availability
Dispute resolution	Resolve Disputes Effectively
Total labor cost	Establish USPS Health Care Plan
Talent management and development	Leadership Identification and Development